

## MINUTES

### Legislative Post Audit Committee March 16, 2011

The meeting was called to order by Chair Grange at 12:01 p.m. in Room 159-S of the Statehouse. Committee members present:

Representative John Grange, Chair	Senator Mary Pilcher-Cook, Vice-Chair
Representative Tom Burroughs	Senator Terry Bruce
Representative Ann Mah	Senator Anthony Hensley
Representative Peggy Mast	Senator Laura Kelly
	Senator Dwayne Umbarger

#### Approval of Minutes

Senator Bruce moved approval of the February 9, 2011 minutes. Representative Mast seconded the motion; motion carried.

#### Completed Performance Audits

***Medicaid: Reviewing the Use of Emergency Room Services by Medicaid Clients.*** This audit was presented by Joe Lawhon, Principal Auditor. In fiscal year 2010, Kansas spent a total of \$2.5 billion on Medicaid, including about \$750 million in State funds. In calendar years 2008 and 2009, Kansas paid an average of \$2.5 million in State funds for Medicaid emergency room claims. This included 642,000 claims for more than 118,000 individuals. Using a methodology developed by New York University, the auditors estimated that about two-thirds of the emergency room claims were for conditions that didn't require emergency room treatment. Under the most optimistic assumptions, the State could potentially save about \$625,000 per year by reducing the number of emergency room visits for non-urgent conditions. Lastly, Kansas already takes many steps to reduce Medicaid non-urgent emergency room use and costs, but the auditors identified seven other strategies, such as operating a 24-7 phone line, that might allow Kansas to make further reductions. The auditors were unable to quantify the potential net savings these strategies might achieve.

Andrew Allison, Executive Director, Kansas Health Policy Authority, was present to answer members' questions.

Representative Burroughs moved to accept the audit. Senator Umbarger seconded the motion; motion carried. All legislators will receive the audit highlights document and full copies of the audit will be distributed to the chairs, vice-chairs, and ranking minority members of the Senate Ways and Means Committee, the House Appropriations Committee, the Senate Public Health and Welfare Committee, the Joint Committee on Health Policy Oversight, the House Health and Human Services Committee, the House Budget Committee on Social Services, and the Senate Ways and Means Subcommittee on Health and Environment.

### **Legislative Post Audit Committee Operations**

**Approval of Three-Year Compliance and Control Audit Cycle.** Scott Frank, Legislative Post Auditor, presented the calendar year 2011-2013 compliance and control audit cycle proposal. In his presentation, Mr. Frank stated that in years past the Division identified specific agencies to be audited during the three-year cycle. For this cycle, however, the Division proposes to use a risk-based approach and select the agencies for audit as indicated by the ongoing risk-analysis process. He said that, as agencies are selected, staff would prepare scope statements and provide them to the Committee. Representative Mah moved to approve the proposal. Senator Umbarger seconded the motion; motion carried.

Representative Burroughs expressed concern over House Bill No. 2120 on the Kansas Government Effectiveness and Efficiency Commission. He cited possible overlap between the responsibilities of the Commission and of Legislative Post Audit as the basis for his concern. Representative Burroughs moved that the Chair draft a letter to the Administration and to House and Senate leadership reminding them of Legislative Post Audit's role and responsibilities. Senator Umbarger seconded the motion; motion carried. Representative Mast voted no on the motion.

**Status of Legislation Introduced by the Committee.** Mr. Frank briefed members on the status of three bills introduced by the Committee at the December and January meetings.

### **Date of the Next Meeting**

The Chair scheduled the next meeting for Wednesday, April 27 from 9:00 - 11:00 a.m.

Meeting adjourned at 12:53 p.m.

*(All handouts and other documents referred to in these minutes are on file with Legislative Post Audit.)*